GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

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FDI in Food Processing Industries
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) the current status of Foreign Direct Investment (FDI) in food processing industries;

(b) whether the Government sets any targets to double the foreign direct investment in the sector in the next two years and if so, the steps taken by the Government in this regard;

(c) whether investors have demanded that the policy related to the sale of home and personal care products manufactured in India be opened with that of food products and if so, the details thereof and steps taken by the Government in this regard;

(d) whether food retailers such as Big Basket, Grofers and Amazon had sent proposals to the Government for FDI in online food retails and if so, the details thereof; and

(e) the steps taken by the Government in this regard?

Answer

(a) & (b) As per extant Policy, FDI up to 100%, under the automatic route, is allowed in food processing industries. The Government does not fix targets for FDI inflows as FDI is largely a matter of private business decisions. FDI inflows depend on a host of factors such as availability of natural resource, market size, infrastructure, political and general investment climate as well as macro-economic stability and investment decision of foreign investors. Further, 100% FDI is permitted under Government approval route for trading, including through e-commerce, in respect of food products manufactured and/or produced in India. According to the data provided by the Department of Industrial Policy and Promotion (DIPP), the food processing sector in the country has received US$ 5.76 billion worth of Foreign Direct Investment (FDI) equity inflows during the period 2010-11 to 2015-16. In 2016-17(Apr- Dec), the food processing sector in the country has received US$ 663.23 million worth of Foreign Direct Investment (FDI) equity inflows.

(c) to (e) Government has been interacting with investors to identify issues for promoting FDI in the food processing sector. Several issues including sale of home and personal care product have been raised by investors. M/s Amazon Corporate Holdings Private Limited, M/s Grofers India Pvt Ltd. and M/s Supermarket Grocery Supplies Pvt Ltd. (Big Basket) have submitted foreign investment proposals for approval of the Government for undertaking retail trading of food products in India.